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The National Monetary Commission has given to the public a monograph on *The Swiss Banking Law* by Dr. Julius Landmann, who has made a lengthy study of banking conditions in Switzerland for the particular purpose of bringing out such lessons as can to advantage be learned therefrom by the United States. Dr. Landmann holds that "the principle . . . that the system of free banking while suited to the early stages, does not meet the requirements of the advanced and matured state of the banknote system, worked its way to the front all along the line in the course of the second half of the nineteenth century in actual legislation; nor is there the slightest indication of a reaction from this view." He goes on to show that under the banking system of Switzerland the banks, having been compelled to pay taxes on their total authorized issue, rather than upon their actual outstanding note issue, sought to keep their notes outstanding so far as possible. They were, furthermore, obliged to keep a reserve of 40 per cent. in specie. This operated as an additional heavy expense and the result was the erroneous selection of paper and an unwise policy in fixing the rate of discount. In Switzerland a very much larger range of paper is considered suitable for discount than anywhere else, and as a result the losses through bad paper have been considerably larger there than elsewhere. Dr. Landmann sketches the movement toward the creation of a central bank and then describes the conditions under which the act of 1905 creating the Swiss National Bank was passed. The Swiss National Bank is not limited to the issue of notes nor is it obliged to pay any tax either upon its total circulation or upon the uncovered circulation over and above a given amount. It redeems

at sight in legal tender currency only at its head office, and notes when presented at branch offices may be held up until they can be transmitted to the central office. The notes are not legal tender, but must have a 40 per cent. reserve behind them while the remaining 60 per cent. of their value is to be protected by specified classes of paper. Short-time liabilities are protected by legal tender, gold bars, foreign gold, or Swiss paper. The bank has a monopoly of note issue and in return pays a specified amount to the state. As Dr. Landmann shows, one of the most interesting features of the system of the Swiss national bank is the method by which the transition was effected from the system of free note issue which formerly prevailed to the present plan. The older banks have been compelled after a specified length of time to turn over to the national bank a cash equivalent for their outstanding banknotes, the national bank accepting the obligation of redeeming such outstanding notes thereafter. This obligation continues for thirty years, at the end of which time the notes are no longer to be redeemed.

The effort of this publication is manifestly to enforce the idea that central banking would be desirable in the United States.

Discussion of the postal-savings question has made it clear that the national administration now intends to deal with the funds to be gathered by the proposed postal-savings bank in a way that will render the cash available for the furtherance of the central banking scheme which Senator Aldrich and the National Monetary Commission are planning. Probably the first intimation of what was intended in this regard was given last summer when President Taft urged as one of the main reasons for creating the federal postal-savings system the idea that the cash collected from small savers could be used most appropriately for taking up the bonds now held by the national banks behind note circulation. He did not explain why such a plan should be pursued or why the bonds were not in good hands as now held, but the manifest inference was that such bonds would soon be thrown upon the market. In such a case their large volume would operate to reduce the price of the securities below par. This attitude has been made more than ever apparent within the past few weeks in connection with the debates which preceded the passage of the postal-savings bill in the Senate. Most of the controversy which then occurred centered around the question whether the funds taken in by the postal-savings institution should

be deposited in local banks or should be transferred to investments in government bonds. President Taft, Senator Aldrich, and other leaders showed a very strong disposition to favor the latter method and did so frankly for the reason that it would thus be possible to lift a large block of bonds out of the hands of the banks when the time came for so doing. Although the language used in the bill was not shaped in conformity with this idea, it would probably be impossible to arrange it in such a way that none of the funds thus collected could be used for the purpose of aiding the central banking scheme. A certain amount of liberty is necessarily left in the hands of the administration with reference to the use to be made of some of the savings collected through the postal bank, and this liberty, it is now clear, will be availed of under the Taft administration for the purpose of facilitating the organization of a central banking institution by relieving the existing national banks of their bonds. This would remove one of the practical obstacles which have stood in the way of the central banking plan.

Another interesting chapter has been added to the history of tariff negotiations under the Payne-Aldrich act by the recent representations of the Tariff Board to the Canadian government. By special arrangement, the United States sent three commissioners, including Chairman Emery of the tariff board, a commercial adviser from the State Department, and our consul-general at Ottawa, Canada, to meet representatives of the Canadians at Ottawa for the purpose of ascertaining the status under the tariff law. The negotiations occurred on March 4-8, and resulted in a considerably better understanding on both sides, though no concessions were made by Canada. Our delegates asked for the same rates that Canada has accorded to France under her reciprocity treaty with that country and which she has extended to some dozen or more other nations because of most-favored-nation treaties made with them in past years. Canada declined to grant us the rates set in this treaty on the ground that we had no favored-nation agreement with her and that our policy in the past would not allow us to protest against a special reciprocity treaty made by Canada with another country, this treaty being merely one of a kind which we had ourselves frequently resorted to in the past. In answer to our threat that the maximum rates of the Payne-Aldrich law would be applied under the legislation in the event that no concession was made the Canadians simply

indicated their indifference and suggested that should we nevertheless go ahead with our plan of applying maximum rates to their commerce they would meet us with a surtax of 33 1-3 per cent. upon our products entering Canada and would perhaps raise their tariff on our commodities to a level generally corresponding to that of our maximum schedule. In addition it was suggested that in case such tariff war should be undertaken, Canada would prohibit the exportation of pulp wood from the Dominion. Owing to the fact that our own supply of pulp wood suitable for making print paper has been so largely reduced, this suggestion was tantamount to a threat to close the bulk of our paper mills, since they would have had to move to the Canadian side in order to get their raw material, and our consumers of print paper would have had to pay \$7 or \$8 a ton more under our own maximum rates for their importations of paper from Canada. The outcome of the deliberations was that it was made plain to our delegates that the United States was in no position to engage in a tariff struggle with Canada. The deliberations also showed that there was little or no possibility of securing any material concessions unless we were willing to give something in exchange—an alternative which the attitude of the United States Senate has rendered practically impossible for the present.

Practical arrangements have now been completed by the Census Bureau for taking the new decennial census which starts on April 15. Unusually careful preliminary studies have been made with a view to making the census a success. These preparations are so numerous that they can be mentioned only in barest outline, but among the more important are the following: (1) Simplification of the inquiries carried in the various schedules. This has been particularly sought with reference to the schedules on agriculture and on manufactures. The schedules of the last census period were so lengthy and cumbersome, and in many cases the questions were so obscure, as to make the successful taking of the census impossible. The bureau has now sought to eliminate a number of questions which were obnoxious to manufacturers and a number which were unsatisfactorily answered by farmers without materially decreasing the effectiveness of the schedule. (2) Co-operation with other bureaus. This is seen in best form in the arrangements made with the Geological Survey whereby the latter bureau gives up its customary collection of mining figures for the year while the census

takes the list of establishments prepared by the survey, sends its agents to the various establishments, and then turns its data over to the survey to be tabulated and compared. (3) The application of civil-service methods of selecting the personnel. This is controlled so far as the office force goes by the act providing for the decennial census in which provision was made for the appointment of clerks by examination. A modified examination system has been applied to special agents as well. In both cases, however, the effort has been vitiated in some degree. The idea of geographical distribution of the clerical places will cut out a considerable number of efficient persons, while the adoption of an apportionment system among the special agents who have been approved, whereby congressmen are given a certain amount of appointive power, tends to limit the range of wise selection. (4) The development of new tabulating machinery. This has been effected by inventors working under the direction of the census bureau for some years past and perfecting, it is believed, a machine for punching cards and for counting that is superior to anything thus far employed. The machine has the advantage of not being subject to the excessive royalty payments made by the bureau in past censuses to owners of private patents. On all these grounds it is believed that the census will be both better and more economical than those that have preceded it. President Taft has pledged himself to keep it free from politics so far as possible. One serious error of judgment already made is, however, in the reduction of salaries and expense allowances to considerably too low a point.

Fifteen suits in which the constitutionality of the corporation tax is called in question have now been filed in the Supreme Court of the United States. Failing in their effort to secure a postponement of the date (March 1) set for the filing of returns under the tax, corporate interests have withdrawn their agents from Washington and the filing of the returns has proceeded. It is estimated that about 325,000 corporations have thus filed statements. The further development of the situation as regards the tax is now practically suspended pending the rendering of a decision by the Supreme Court in some one of the suits already filed. Such a decision is expected about the middle of May and, should it be favorable to the constitutionality of the tax, the result will be to bring on a bitter struggle in Congress lasting probably throughout the remainder of

the session for the purpose of enforcing the repeal of this section of the tariff law. Meanwhile Attorney-General Wickersham has laid the foundation for very serious attack upon the corporation tax. In three important decisions he has adopted principles of interpretation whose validity is doubted by many persons and which seem to traverse former decisions of the court. One of these relates to national bonds, the Attorney-General holding that the income from such bonds shall be counted by corporations as a part of the sum upon which they are to pay the corporation tax. A second relates to the incomes of real-estate corporations and brings up the old question, raised in the case of *Pollock v. Farmers Loan & Trust Co.*, whether a tax upon the income of real estate is a tax upon real estate and if so how it is to be regarded under the provisions of the constitution of the United States on direct taxation. The latest of the Attorney-General's decisions, rendered March 10, seeks to make the tax applicable to foreign steamship companies dealing with and having offices in the United States. On all these points very serious differences of opinion are entertained, and it is probable that each of them will be used as a means of attacking the position of the government under the corporation tax section of the tariff law.

On March 5 was completed one of the most important series of hearings conducted within recent years by a congressional committee on a special economic topic. This was the series of hearings before the House Committee on Agriculture with respect to trading in futures for the delivery of cotton, grain, and other products. The hearings were undertaken à propos of the so-called Scott bill, which sought to prohibit the transmission of information about such futures in interstate trade either by mail, telegraph, telephone, or any other means of communication. This effort grew out of the report of the Bureau of Corporations regarding cotton exchanges in which it was maintained that much of the cotton trading on the exchanges was irregular and in the nature of gambling because of the presumably improper form assumed by the cotton contract in use on the exchanges. The attempts made by certain legislators to secure action from Congress designed to prevent all trading in future contracts of whatever description brought to Washington numerous delegations from the cotton exchanges, boards of trade, and other produce markets of the country. The showing made by these delegations has been such as to afford convincing proof of the

utility, not to say the indispensable character, of the work done by cotton exchanges and grain exchanges in distributing the crops and in protecting manufacturing interests against fluctuations in price that might otherwise render their operations exceedingly hazardous. The testimony before the committee has brought together a body of detailed and valuable evidence furnished by experts with reference to methods of trading. Taken together with the report of the Bureau of Corporations, these hearings probably furnish the most useful collection of information regarding produce speculation that has yet been created.

Practically the first publication of the International Institute of Agriculture at Rome, in the establishment of which the United States joined with several other countries some two years ago, is a work recently issued and entitled *L'organisation des services de statistique agricole dans les divers pays* (Rome, 1909.) This gives the results of the work carried on by the institute under the direction of the delegate from the United States who was made the chief of the division of general statistics and agricultural information. The document furnishes in its 445 pages a mass of information about the present methods of gathering and publishing "crop statistics" in the principal countries of the world that has never heretofore been made available.